

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

BOB STUMP - Chairman
GARY PIERCE
BRENDA BURNS
BOB BURNS
SUSAN BITTER SMITH

AZ CORP. COM. 13-0415
DOCKET 0015

ORIGINAL

2014 JUN 27 PM 1 06

IN THE MATTER OF THE APPLICATION OF
MT. TIPTON WATER COMPANY, INC. FOR
A PERMANENT INCREASE IN ITS WATER
RATES AND CHARGES.

DOCKET NO. W-02105A-13-0415

**STAFF'S NOTICE OF FILING LATE-
FILED EXHIBIT**

Pursuant to the request of the Administrative Law Judge at the June 23, 2014, Hearing in this docket, the Utilities Division ("Staff") of the Arizona Corporation Commission ("Commission") files as a late-filed exhibit Staff's Final Surrebuttal Schedules BAB-18, BAB-19 and BAB-20 together with a brief summation of what is represented thereby. The schedules and summation were prepared by Staff witness, Briton A. Baxter, whose hearing testimony precipitated the Administrative Law Judge's request.

RESPECTFULLY SUBMITTED this 27th day of June 2014.

Brian E. Smith, Attorney
Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007
(602) 542-3402

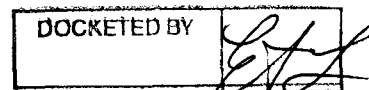
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Phoenix, Arizona 85007

Arizona Corporation Commission

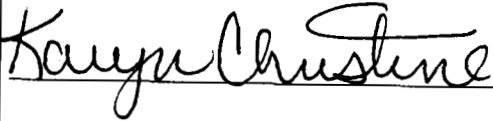
DOCKETED

JUN 27 2014



1 Copy of the foregoing mailed this
2 27th day of June 2014 to:

3 Steve Wene
4 Moyes Sellers & Hendricks Ltd.
5 1850 North Central Avenue, Suite 1100
6 Phoenix, Arizona 85004

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Briton A. Baxter

Docket No. W-02105A-13-0415

June 27, 2014

As a result of discussions during the June 23, 2014, hearing, it was determined that Staff's initial rate design fell short of meeting the recommended revenue requirement by approximately \$3,700. Staff has reviewed its previously proposed rate design and made adjustments. The resulting Staff Final Surrebuttal Schedules BAB-18, BAB-19 and BAB-20 are attached. The revised rate design in these schedules are intended to generate the \$364,007 in recommended annualized revenues.

RATE DESIGN

Monthly Usage Charge	Present	Company Proposed Rates	Staff Recommended Rates
<u>Meter Size (All Classes):</u>			
5/8 x 3/4 Inch	\$22.25	\$24.00	\$23.00
3/4 Inch	33.38	36.00	34.13
1 Inch	55.63	60.00	56.38
1 1/2 Inch	111.25	120.00	112.00
2 Inch	178.00	192.00	178.75
3 Inch	356.00	384.00	356.75
4 Inch	556.25	600.00	557.00
6 Inch	112.50	1,200.00	1,112.50
8 Inch	1,780.00	1,800.00	1,780.00

Delinquent Property Tax Surcharge	\$0.00	\$11.98	\$17.39
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<u>Commodity Charge - Per 1,000 Gallons</u>			
<u>All Meter Sizes</u>			
First 4,000 gallons	\$3.05	N/A	N/A
4,001 to 9,000 gallons	4.60	N/A	N/A
Over 9,000 gallons	5.50	N/A	N/A
First 3,000 gallons	N/A	\$3.50	N/A
3,001 to 8,000 gallons	N/A	5.00	N/A
Over 8,000 gallons	N/A	6.35	N/A
<u>5/8 x 3/4-Inch Meter (All Classes)</u>			
First 3,000 gallons	N/A	\$3.50	3.05
3,001 to 8,000 gallons	N/A	5.00	5.50
Over 8,000 gallons	N/A	6.35	6.94
<u>3/4-Inch Meter (All Classes)</u>			
First 3,000 gallons	N/A	\$3.50	3.05
3,001 to 8,000 gallons	N/A	5.00	5.50
Over 8,000 gallons	N/A	6.35	6.94
<u>1" Meter (All Classes)</u>			
First 20,000 gallons	N/A	N/A	5.50
Over 20,000 gallons	N/A	N/A	6.94
<u>1 1/2" Meter (All Classes)</u>			
First 50,000 gallons	N/A	N/A	5.50
Over 50,000 gallons	N/A	N/A	6.94
<u>2" Meter (All Classes)</u>			
First 80,000 gallons	N/A	N/A	5.50
Over 80,000 gallons	N/A	N/A	6.94
<u>3" Meter (All Classes)</u>			
First 150,000 gallons	N/A	N/A	5.50
Over 150,000 gallons	N/A	N/A	6.94
<u>4" Meter (All Classes)</u>			
First 300,000 gallons	N/A	N/A	5.50
Over 300,000 gallons	N/A	N/A	6.94
<u>6" Meter (All Classes)</u>			
First 500,000 gallons	N/A	N/A	5.50
Over 500,000 gallons	N/A	N/A	6.94
<u>8" Meter (All Classes)</u>			
First 600,000 gallons	N/A	N/A	5.50
Over 600,000 gallons	N/A	N/A	6.94
<u>Standpipe Commodity Rates</u>			
Bulk Sales (per 1,000 gallons)	\$5.50	\$6.35	\$6.05
Vending Rate per 40 gallons	0.25	0.25	0.25

RATE DESIGN Cont.

Other Service Charges			
Establishment	\$25.00	\$30.00	\$30.00
Establishment (After Hours)	40.00	N/A	Remove from Tariff
Reconnection (Delinquent)	40.00	40.00	30.00
Reconnection (After Hours)	40.00	N/A	Remove from Tariff
Meter Test (If Correct)	40.00	40.00	20.00
NSF Check	25.00	25.00	25.00
Meter Reread (If Correct)	15.00	15.00	15.00
Deposit	*	*	*
Deposit Interest (Per Month)	**	**	**
Deferred Payment (Per Month)	***	***	***
Late Charge (Per Month)	***	***	***
Re-establishment (Within 12 Months)	****	****	****
Main Extension	Cost	N/A	N/A
After Hour Service Charge (at customers request)	N/A	50.00	50.00
Monthly Service Charge for Fire Sprinkler			
All Sizes	*****	*****	*****

* Per Commission Rule A.A.C. R-14-2-403(B)(7).

** Per Commission Rule A.A.C. R-14-2-403(B)(3).

*** 1.50% of unpaid monthly balance.

**** Month off system times the monthly minimum A.A.C. R14-2-403(D).

***** 2% of Monthly Minimum for a Comparable Sized Meter Connection, but no less than \$10.00 per month. The Service Charge for Fire Sprinklers is only applicable to service lines separate and distinct from the primary water service

***** 2% of Monthly Minimum for a Comparable Sized Meter Connection, but no less than \$11.00 per month. The Service Charge for Fire Sprinklers is only applicable to service lines separate and distinct from the primary water service
In addition to the collection of regular rates, the utility will collect from its customers a proportionate share of any privilege, sales, use, and franchise tax. Per commission rule A.A.C. 14-2-409D(5).

Service and Meter Installation Charges

Description	Present Rate			Proposed Rate	Staff Recommended
	Service Line	Meter Charge	Total Charge		
5/8 x 3/4 Inch	\$445	\$155	\$600	No change	No change
3/4 Inch	445	255	700	No change	No change
1 Inch	495	315	810	No change	No change
1 1/2 Inch	550	525	1,075	No change	No change
2 Inch Turbine	830	1,045	1,875	No change	No change
2 Inch Compound	830	1,890	2,720	No change	No change
3 Inch Turbine	1,045	1,670	2,715	No change	No change
3 Inch Compound	1,165	2,545	3,710	No change	No change
4 Inch Turbine	1,490	2,670	4,160	No change	No change
4 Inch Compound	1,670	3,645	5,315	No change	No change
6 Inch Turbine	2,210	5,025	7,235	No change	No change
6 Inch Compound	2,330	6,920	9,250	No change	No change
8 Inch Turbine	3,000	7,500	10,500	No change	No change
8 Inch Compound	3,200	8,000	11,200	No change	No change

Typical Bill Analysis Without the Delinquent Property Tax Surcharge

General Service 5/8 x 3/4-Inch Meter

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	3,657	\$33.40	\$38.79	\$5.39	16.14%
Median Usage	2,364	29.46	33.27	3.81	12.95%

Staff Recommended

Average Usage	3,657	\$33.40	\$35.76	\$2.36	7.06%
Median Usage	2,364	29.46	30.21	0.75	2.55%

Present & Proposed Rates (Without Taxes)

General Service 5/8 x 3/4-Inch Meter

Gallons	Present	Company Proposed	%	Staff Recommended	%
	Minimum Charge \$22.25	Minimum Charge \$25.00		Minimum Charge \$23.00	
	1st Tier Rate \$3.05	1st Tier Rate \$3.50		1st Tier Rate \$3.05	
	1st Tier Breakover 4,000	1st Tier Breakover 3,000		1st Tier Breakover 3,000	
	2nd Tier Rate \$4.60	2nd Tier Rate \$5.00		2nd Tier Rate \$5.50	
	2nd Tier Breakover 9,000	2nd Tier Breakover 8,000		2nd Tier Breakover 8,000	
	3rd Tier Rate \$5.50	3rd Tier Rate \$6.35		3rd Tier Rate \$6.94	

Consumption	Rates	Rates	Increase	Rates	Increase
-	\$22.25	\$25.00	12.36%	\$23.00	3.37%
1,000	25.30	28.50	12.65%	26.05	2.96%
2,000	28.35	32.00	12.87%	29.10	2.65%
3,000	31.40	35.50	13.06%	32.15	2.39%
4,000	34.45	40.50	17.56%	37.65	9.29%
5,000	39.05	45.50	16.52%	43.15	10.50%
6,000	43.65	50.50	15.69%	48.65	11.45%
7,000	48.25	55.50	15.03%	54.15	12.23%
8,000	52.85	60.50	14.47%	59.65	12.87%
9,000	57.45	66.85	16.36%	66.59	15.91%
10,000	62.95	73.20	16.28%	73.53	16.81%
11,000	68.45	79.55	16.22%	80.47	17.56%
12,000	73.95	85.90	16.16%	87.41	18.20%
13,000	79.45	92.25	16.11%	94.35	18.75%
14,000	84.95	98.60	16.07%	101.29	19.23%
15,000	90.45	104.95	16.03%	108.23	19.66%
16,000	95.95	111.30	16.00%	115.17	20.03%
17,000	101.45	117.65	15.97%	122.11	20.36%
18,000	106.95	124.00	15.94%	129.05	20.66%
19,000	112.45	130.35	15.92%	135.99	20.93%
20,000	117.95	136.70	15.90%	142.93	21.18%
25,000	145.45	168.45	15.81%	177.63	22.12%
30,000	172.95	200.20	15.76%	212.33	22.77%
35,000	200.45	231.95	15.71%	247.03	23.24%
40,000	227.95	263.70	15.68%	281.73	23.59%
45,000	255.45	295.45	15.66%	316.43	23.87%
50,000	282.95	327.20	15.64%	351.13	24.10%
75,000	420.45	485.95	15.58%	524.63	24.78%
100,000	557.95	644.70	15.55%	698.13	25.12%

Typical Bill Analysis Including the Delinquent Property Tax Surcharge

General Service 5/8 x 3/4-Inch Meter

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	3,657	\$33.40	\$38.79	\$5.39	16.14%
Median Usage	2,364	29.46	33.27	3.81	12.95%

Staff Recommended

Average Usage	3,657	\$33.40	\$53.15	\$19.75	59.13%
Median Usage	2,364	29.46	47.60	18.14	61.58%

Present & Proposed Rates (Without Taxes)

General Service 5/8 x 3/4-Inch Meter

Gallons	Present	Company Proposed	%	Staff Recommended	%
	Minimum Charge \$22.25	Minimum Charge \$25.00		Minimum Charge \$23.00	
	1st Tier Rate \$3.05	1st Tier Rate \$3.50		1st Tier Rate \$3.05	
	1st Tier Breakover 4,000	1st Tier Breakover 3,000		1st Tier Breakover 3,000	
	2nd Tier Rate \$4.60	2nd Tier Rate \$5.00		2nd Tier Rate \$5.50	
	2nd Tier Breakover 9,000	2nd Tier Breakover 8,000		2nd Tier Breakover 8,000	
	3rd Tier Rate \$5.50	3rd Tier Rate \$6.35		3rd Tier Rate \$6.94	
		Delinquent Property Tax Surcharge		\$17.39	

Consumption	Rates	Rates	Increase	Rates	Increase
-	\$22.25	\$25.00	12.36%	\$40.39	81.53%
1,000	25.30	28.50	12.65%	\$43.44	71.70%
2,000	28.35	32.00	12.87%	\$46.49	63.99%
3,000	31.40	35.50	13.06%	\$49.54	57.77%
4,000	34.45	40.50	17.56%	\$55.04	59.77%
5,000	39.05	45.50	16.52%	\$60.54	55.03%
6,000	43.65	50.50	15.69%	\$66.04	51.30%
7,000	48.25	55.50	15.03%	\$71.54	48.27%
8,000	52.85	60.50	14.47%	\$77.04	45.77%
9,000	57.45	66.85	16.36%	\$83.98	46.18%
10,000	62.95	73.20	16.28%	\$90.92	44.43%
11,000	68.45	79.55	16.22%	\$97.86	42.97%
12,000	73.95	85.90	16.16%	\$104.80	41.72%
13,000	79.45	92.25	16.11%	\$111.74	40.64%
14,000	84.95	98.60	16.07%	\$118.68	39.71%
15,000	90.45	104.95	16.03%	\$125.62	38.88%
16,000	95.95	111.30	16.00%	\$132.56	38.16%
17,000	101.45	117.65	15.97%	\$139.50	37.51%
18,000	106.95	124.00	15.94%	\$146.44	36.92%
19,000	112.45	130.35	15.92%	\$153.38	36.40%
20,000	117.95	136.70	15.90%	\$160.32	35.92%
25,000	145.45	168.45	15.81%	\$195.02	34.08%
30,000	172.95	200.20	15.76%	\$229.72	32.82%
35,000	200.45	231.95	15.71%	\$264.42	31.91%
40,000	227.95	263.70	15.68%	\$299.12	31.22%
45,000	255.45	295.45	15.66%	\$333.82	30.68%
50,000	282.95	327.20	15.64%	\$368.52	30.24%
75,000	420.45	485.95	15.58%	\$542.02	28.91%
100,000	557.95	644.70	15.55%	\$715.52	28.24%